

D-8099

CONFIDENTIAL

SHANGHAI MUNICIPAL POLICE

Special Branch

REPORT

Date September 18, 1937.

SHANGHAI MUNICIPAL POLICE

File No. REGISTRY

No. S. B. D.

Police S.I. Station,

FM. 2

G. 45M-36

Subject Major Percy Hubert KEYS, British.

Made by D.S. Pitts.

Forwarded by

D. B. L. No. 0.81

With reference to the endorsement of the Acting Commissioner of Police dated September 10, 1937 appearing on the attached file, I have to report that Percy Hubert KEYS, British, born in London on October 25, 1881, is the son of a well-to-do family for many years resident in Kent. He is said to have enjoyed an extensive education and is a man of good breeding.

He joined the Queen's Westminster Rifles as a private on August 4, 1914, was given a commissioned rank (lieutenant) in September, 1915, was promoted captain in October 1916 and in March, 1918 attained the rank of major. He was de-

mobilised in February 1919 whilst serving with the 228th, Field Company, having been overseas for the duration of the Great War. He had an excellent war record, and among

other decorations was awarded the Distinguished Service Order, Military Cross (and bar), French Croix de Guerre and 1914 Mons Medal. He was also twice mentioned in despatches. The award of these decorations has been checked in the past by the committee of the local Royal Air Force Association and found correct.

From 1922 until 1926 or 1927, Keys was a constructional engineer with the Royal Engineers in Singapore and according to enquiries made in Shanghai among persons who were acquainted with him at that time in that port, nothing was known against him. He was on good terms with the better class of government officials in Singapore and was well received in all quarters.

He arrived in Shanghai some five years ago and shortly afterwards went into business as an architect, surveyor and constructional engineer with offices at 328 Hamilton House.



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Partnering him in this venture was one F. Dowdeswell.

In 1935 Keys, a qualified architect, became a director of the now defunct Albion Crystal Company, 984 Route de Zikawei, which was established for the purpose of manufacturing composite glass tiles which are put to numerous uses in the various phases of constructional work.

Up till a year or so ago, Keys' business prospered, many excellent contracts for the planning of local buildings being received. Just over twelve months ago, however, a slump set in and he was compelled to remove to less impressive office accomodation at Room 101, 349 Kiangse Road, and generally reduce his all round expenses.

Six months ago he was in a precarious position financially and was forced to borrow certain fairly large sums of money from private sources. To Keys' credit it must be stated that he repaid all these sums together with the accruing interest a considerable time before they were due to be paid.

A member of a number of leading Shanghai clubs, Keys IN NORMAL TIMES is looked upon in well informed circles as an honest, upright individual, known for his fair dealing and integrity. One or two highly placed sources, however, have indicated that Keys has been considered a scoundrel for many years, but in the absence of any support for these allegations, it is very difficult to accept them as being correct.

Keys, who for legitimate business reasons, has been on friendly terms with Japanese consular and naval officials for a number of years, cannot be termed as being a man endowed with a great deal of brains, and it is believed that he is being used as a catapaw in the dealings as outlined in the

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attached correspondence by Mr. Ranald G. MacDonald, the lawyer, and Elly Widler. Keys and Widler were observed on the morning of September 13, leaving the office of Mr. Harold Porter, 17 The Bund, and it is strongly believed that this gentleman, if approached, could give reliable information about Keys' present modus vivendi.

A number of persons who have been confidentially approached, have stated: "In view of the fact that Keys has been in serious financial difficulties in the past and is still "up against it," it is more than possible that he would subjugate his finer feelings IN THE PRESENT CRISIS, if an opportunity for making considerable "easy" money presented itself. Human nature being what it is, there are very few foreigners in this town, no matter how honest they might be, who would be averse to 'picking up big money' at the present time if they had half a chance to do so....."

In a conversation with Mr. H.C. Keys, son of the subject under review, the information was volunteered that the father was making expeditions to Pootung for the purpose of carrying out surveys for the Japanese, and that in return the Japanese Forces here were affording him certain assistance in the removal of certain goods stored in godowns in the northern and eastern districts of the Settlement to safer parts south of the Soochow Creek. Mr. H.C. Keys, who is known personally to the undersigned, also stated that his father had collected considerable sums of money from a number of firms here for the removal of these goods. It was not deemed politic to press him for further details.

In regard to the contents of the attached correspondence,

SHANGHAI MUNICIPAL POLICE.

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it has been learned that the godowns of Kofa American Drug Company at 1568 Ward Road are quite safe and have not been harmed. On September 16 and 17, representatives of the Kofa concern, with the assistance of the American Consular authorities removed a number of truckloads of goods from the godowns in question to parts south of the creek.

Regarding Keys' threats to the company in connection with damage by fire to the godowns, it seems correct to say that he realised the huge value of the cargo stored in the godowns and fully knew that if he could have removed all, or some of it for the concern, his commission would have been a very considerable sum. His threats, however, appear to be devoid of any backing, since the only reasonable damage that could befall the godowns at present is through bombing from Chinese aeroplanes. It seems entirely out of the question to think that the Japanese would set fire deliberately AT THE PRESENT TIME (now that the Chinese have withdrawn from this particular area) to buildings flying the American flag. As for Keys setting fire to the premises, the idea is not worth entertaining.

Keys, who is the father of ex-Probationary Sergeant 29 H.C. Keys (mentioned above), is at present an N.C.O. in "A" Battalion of the Shanghai Volunteer Corps, which he joined in 1933. He resides at 10 Chen Ka Jao Road, off Hungjao Road. His movements and activities will be watched by this section and anything of note will form the subject matter of a further report.

Da Pitts.

D.C. (Crime & Special Branches).

D. H.

282
19/9.

Date (September 23, 1937.

(Crime Branch) Office Notes

Acting Commissioner of Police.

Major Keys is, presumably, only doing what a number of other firms are doing.

He appears to have considerable influence with the Japanese Authorities and is making use of it for commercial purposes.

There is no doubt that he and others have succeeded in bringing property from the Eastern and Northern areas when all other attempts had failed.

DC (C-5A)

File
Good report
Appears to be
a "threat" case
K. Chist

23 SEPT. 1937



Deputy Commissioner)
(Crime & Special Branches)

File
Joh

September 23, 1937.

Acting Commissioner of Police.

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(Deputy Commissioner)
(Crime & Special Branches)

CONFIDENTIALShanghai Municipal Police
Headquarters.

Date 10 SEPT. 1937

DC (C-)

A very suspicious affair.

I think DS Pitts might tackle it
if he is available.

Two aspects

(1) Danger of attempted arson in

Holland Road Gardens

(2) Further activities of My Keys.

File belongs to Mr. Franklin.

Wm. Bourne
a/c.p.

DBH.
10/9

科發大藥房



KOFA FACTORY
REGISTERED  TRADE MARK
TELEGRAPHIC ADDRESS:
KOFA, SHANGHAI.
CODES USED:
A. B. C. 5TH & 6TH EDITIONS
BENTLEY'S

"K O F A" AMERICAN DRUG COMPANY

FEDERAL, INC., U. S. A.
MANUFACTURING CHEMISTS—WHOLESALE DRUGGISTS
OFFICES: 225 NANKING ROAD
TELEPHONE: 18780
SHANGHAI
FACTORY: 1568 WARD ROAD
TELEPHONE: 50168

Private

Shanghai, 6th September 1937.
P. O. Box 155

C.S. Franklin Esquire
Franklin & Harrington
149 Yuen Ming Yuen Road,
Shanghai.

Dear Mr. Franklin:-

The following rather mysterious proposition we should like to bring to your notice:-

On Friday last in the afternoon our comrade had a visit from a certain Mr. F.S. Mao of the firm of Keys & Dowdeswell, (we are stating hereunder all details of the firm in question as ascertained from the Honglist)

- " Keys & Dowdeswell, Architects,
- " 349 Kiangse Road, Rooms 102-107, Tel. 13258
- " Keys, Major P.H. D.S.O.,
- " F.R.I.B.A., Partner
- " Dowdeswell, F. F.R.I.B.A., Partner,
- " Mao, F.S. Compr.

Said Mr. Mao intimated to our comrade that in cash we were anxious to remove goods from our Ward Road Factory, his firm has all the necessary connections, mentioning at the same time that only in a large sized business proposition they are interested in. We of course told him in the course of several conversations that we had already tried all available sources with the support and full co-operation of the U.S. Consulate General etc. to get permission to go out to Ward Road and as we were not successful, we did not believe that his firm would be in a better position. He however, maintained that his firm is well connected with the Japanese Naval Command etc. and on Saturday last our Dr. Kupfer went to the above mentioned office where he spoke to Major Keys, being attired in a military uniform, (probably of the Volunteers.)

Major Keys made Dr. Kupfer the following proposition:-

- " He understood that we were anxious to remove for
- " about \$ 400,000 worth of merchandise from the Ward
- " Road Godown, which his firm could undertake, provided
- " that the goods in question to be removed could not

KOFA
AMERICAN DRUG COMPANY
FEDERAL INC., U.S.A.
SHANGHAI
P. O. Box 155

C.S. Franklin Esquire, September 6, 1937.

" be used for the manufacture of war materials. When Dr. Kupfer pointed out that it would be pretty difficult to give such an undertaking for all goods in our godowns as many of them could be used in one way or other for manufacturing certain chemicals etc. for such purposes, Major Keys more or less waived said condition, mentioning that it would only be a matter of form.

" In return for his services he stipulated the deposition of \$ 40,000 with a foreign Bank to be taken out by him after he had delivered the goods, and in addition the payment of removal charges, that he estimated at about \$ 5000.- (the amount being so big as only foreigners could be employed for loading the trucks.) He further informed Dr. Kupfer that a great part of his commission would have to go to the Japanese and that he is only interested in a big proposition. "

Since then we have been pestered with numerous telephone calls from the party in question as we told them that we would have to put up the proposition to our Chairman and if he should think it worth while to entertain same, to refer it to the Hongkong Bank as we have not such a large amount available. Further we gave them to understand that it would be quite impossible to remove goods to the whole value of \$ 400,000 from Ward Road, as for instance many containers could not be taken out and the same remarks hold good as far as Oils, heavy chemicals and many other lines are concerned.

We are holding the view that the proposition is rather dangerous, and that these people believe they could see us in the eyes. First of all it is very doubtful if the Hongkong Bank would be prepared to put up the money as such transaction would not only greatly increase the cost of the taken out goods, but also jeopardize any claim we should have against the Japanese, because if some looting should have taken place during the days the factory has been without supervision, the Japanese could rightly point out that we had taken out the goods without their authority and that therefore we would not have any claim against them. We further believe that it is the intention of the party to let part of the transporting trucks be seized on the way from the Factory to the Nanking Road on some pretext or other and it will then be pretty difficult, if not impossible to recover such confiscated goods.

Furthermore these people appear to be over anxious to land this business, as they are telephoning every hour, (yesterday our comptroller had a visit from Mr. Mao at his private residence, when he told him that Major Keys knows the present commanding Japanese General and that he had agreed to permit him making some extra money that way,) in any case a rather doubtful statement.

We should like to have your views on the issue as soon as possible and if you agree with us that the matter should not be entertained we intend to write a very polite refusal, pointing out that we do not have the money required; that we could only remove a much lesser part than \$ 400,000 worth of goods etc, so as not to antagonize them (as such kind of people would not be above considering burning down our factory if they realize that they have been found out).

Sincerely yours,
KOFA AMERICAN DRUG COMPANY
FEDERAL INC. U.S.A.
W. H. Esquire

From:
大藥房

KOFA : MEMORANDUM

AMERICAN DRUG COMPANY
FEDERAL INC., U.S.A.
226 NANKING ROAD SHANGHAI.
TELEPHONE 18790



To C.S. Franklin Esquire
Franklin & Harrington

Shanghai, 6th September 1937.

上海南京路

Dear Mr. Franklin:-

Supplementary to our appended lengthy letter we have given Mr. Mao to understand that we would be prepared to pay him 10 % commission on a few carloads of goods from Ward Road which we most urgently need and on which the commission can be added to.

After we see that the party is able to live up to the promise and the goods have been safely delivered to us, we can consider taking out a little more, this procedure would us give also the chance to go out and inspect the Factory and Godowns.

We just had an anonymous telephone call, telling us: Your factory is still alright, only a few godown doors have been broken up. Probably from the same party ?? Faithfully yours

September 6, 1937.

Messrs. Kofa, American Drug Company,
Federal Inc., U.S.A.,
226 Nanking Road,
Shanghai.

Attention of Mr. Thiel

Dear Sirs:

Receipt is acknowledged of your two letters of today's date with reference to the proposal received by you from Keys & Dowdeswell with reference to getting merchandise out of your Ward Road Factory. I have given the matter careful consideration and do not like the looks of it. It looks like a racket and I would be afraid that you would have your merchandise confiscated before its delivery to you. Under the circumstances I would suggest that you reply to the effect that you haven't the cash available to make possible the acceptance of their offer.

I am confident that just as soon as it is possible for merchandise to be safely removed from that district the American Consulate will be able to assist you. Mr. Gauss told me personally that he had made a particular appeal on your behalf because he was satisfied that your merchandise was badly needed by the hospitals in the city.

Yours faithfully,

A handwritten signature, possibly "V.D.F.", in dark ink, located below the typed signature line.

上海
科發大藥房



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OFFICES:
228 NANKING ROAD
TELEPHONE: 18790
SHANGHAI
FACTORY:
1568 WARD ROAD
TELEPHONE: 50168

Shanghai, September 8, 1937.
P. O. Box 155

C.S. Franklin Esquire
Franklin & Harrington,
149 Yuen Ming Yuen Road,
Shanghai.

Dear Mr. Franklin:

Keys & Dowdeswell.

We beg to acknowledge with thanks receipt of your letter of 6th instant with reference to the proposal made to us by above firm and wish to say that not only do we fully concur with your views expressed in your letter now under reply, but that likewise Mr. Brister of the Hongkong & Shanghai Bank (Mr. Brister is the Bank official who once every year inspects our Ward Road Godowns on behalf of the Bank) entirely shares your opinion and strongly advised us to turn down the proposal. This we have done by writing briefly yesterday afternoon, that our Directors have finally decided not to do anything that would in any way directly or indirectly jeopardise the legal status of removing merchandise from the district, (Mr. Brister advised us to state this as our reason for the refusal) and that furthermore the company could not at the present moment put up the needed cash for the transaction.

Incidentally we may add that yesterday morning Major Keys came to see the undersigned, wearing khaki uniform and all his war decorations, accompanied by his comrade F.S. Mao, when he were told already orally, that the company had not the needed funds to carry through the removal. When Major Keys found out during the conversation that he would not get the \$ 40,000 representing his first terms, he intimated that he would also be satisfied with say \$ 5,000 to be paid by us against him procuring the permit for the removal. As a parting shot upon leaving, he mentioned the following: " Well Gentlemen, it is up to you to decide whether you prefer to have part of your goods safely removed or to run the grave risk of seeing the place burned down, adding that only yesterday big fires were observed in Ward Road, in the vicinity of the Ward Road Jail." These remarks were made by him not in exactly a threatening tone, but more or less casually, however, it was no doubt his intention to influence our decision thereby.

Faithfully yours

K O F A

AMERICAN DRUG COMPANY
[Signature]